

# **Social Development Report (2) on the Equality of Outcome, Process and Autonomy in Selected Arab Countries**

*Inequalities, Autonomy, and Change in the Arab World*

Economic and Social Commission for Western Asia



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# Background

- ✓ The normative work of the Social Justice section focuses on the main elements of SJ: *Equality, Equity, Human rights, and Participation*;
- ✓ Building on the previous work of the section : 1) Promises of Spring; 2) SDR (1) on “What Remains of the Arab Spring: Challenges Impeding the Achievement of Social Justice in the Arab Region”; we zoom in on one of SJ main element “*Equality*”
- ✓ Current frameworks (which are not inter-disciplinary) and tools (such as for ex Gini Coefficient) do not reflect the status of inequality in the Arab region;
- ✓ The objective is to create a new multidisciplinary framework to unravel “*the inequality puzzle*” through the use of innovative methodologies

## WHY SDR( 2) and what is the added value

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- ✓ While researching literature, we came across a new but rather partially developed framework that examines equality based on three levels: Equality of Outcome, Equality of Opportunity, and Equality of Autonomy or voice.
- ✓ We adopted this framework and developed it further by linking it to: 1) historical context and Inequality of Outcome; 2) Inequality of Opportunity with a special focus on income, education, and wages; Inequality of Autonomy by defining autonomy ( positive and negative) and examining correlation based on perception surveys between this concept and the different societal groups.

# Innovation

- ✓ New multidisciplinary Framework that combines economic work with social, and political economy elements;
- ✓ Use of most recent set of Data (not analyzed before) mainly AB wave 4 (2016-2017), WVS wave 6, TIMSS, (2015) and PIRLS which is rarely covered;
- ✓ New Analysis:
  - Inequality of wages by educational groups;
  - Linkages and gaps between Negative and Positive Autonomy (the region vs the rest of the world, through perception survey WVS-AB cross-referencing. New analysis across gender, age and education level.
- ✓ New Findings in relation to nature of education and its effect on equality of autonomy and emancipation. Findings about the gender divide, age divide and perceptions of region vis a vis GE, social tolerance and democracy as compared to ROW

# Storyline

- ✓ Inequality of Outcome and Inequality of Opportunity are not enough to examine Inequality in the region;
- ✓ IOA was added to the latter by the literature ( UK) however the concept was not well developed;
- ✓ There is a need to cover IOA:
  - 1- More freedom and capabilities, and thus the level and distribution of autonomy directly **impacts** their welfare, in the same way inequality of outcomes, access, and opportunity do;
  - 2- Individual autonomy, in the sense of an increased-self-expression, can have important positive social externalities, and be a principal driver for **social emancipation**, on such concerns as **gender equality, dislike for income inequality, and the valuing of social and religious tolerance**;
  - 3- In a yet broader macro perspective, increased autonomy, in the sense of increased voice, can lead to improved societal outcomes – **more innovation, improved political inclusion**, which over time, can help the region break away from the low-progress middle-income trap it has settled into.

# Storyline

[Chapter one](#): *Historical perspective of the political economy of the region: Looking at Inequality of outcomes: roll back of the state affecting service provision, crony Capitalism and Dualism in labor markets, limited opportunities and voice;*

[Chapter Two](#): *At the macro- level examining Inequality of opportunity in income, education and wages;*

[Chapter Three](#): *At the micro-level, zooming in on the individual, defining autonomy (negative and positive) then measuring its level vs a vs the ROW, by age and education level. Examining GE, social and religious tolerance and preference for equality;*

[Chapter Four](#): *Linking all the findings and proposing an agenda for reform with a special focus on education and improving economic opportunities and voice*

# Chapter 1: The Build-up of Inequality - Historical Background on Economy and Society



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# The Build-up of Inequality - Historical Background on Economy and Society

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- ✓ The rise and roll-back of the state;
- ✓ From state-led growth to an unbalanced form of capitalism;
- ✓ Hindered Democratization and Limited Voice and Autonomy;
- ✓ The uprisings of 2011 and their aftermath;
- ✓ Implications of past developments on inequality and autonomy



# The Build-up of Inequality - Historical Background on Economy and Society

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Inequality must be traced in the historical evolution of its economy, society and polity;

Since the 1970's three main developments shaped the evolution of inequality in the Arab region:

- ✓ Initial rise followed by roll-back of the state > reduced social mobility
- ✓ Economic liberalization of the 1990s > rise of crony capitalism, dualistic labor and market structure
- ✓ Autocratic power preservation, lack of political liberalization > affected personal autonomy

# The Rise and Roll-back of the State

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A rise followed by a roll-back of state expenditures in the 1980s is depicted by:

- ✓ Reduction in the provision and access to quality social services (health and education) which slowed down social mobility
- ✓ Reduction in public investment which impacted public services, infrastructure and economy competitiveness
- ✓ Squeezing of the civil service wage bill which led to an overstaffed and underpaid public sector
- ✓ Large subsidies to the middle and upper classes to support their hold on power

# From State-led Growth to an Unbalanced Form of Capitalism

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- The move from state-run to market economies in the 1980s was accompanied by a narrowing of networks of privilege, reflected in:
- ✓ Low level of rule of law, high level of corruption
  - ✓ Highly dualistic corporate and labor structures: a large “missing middle” of medium sized firms ; rise in informality; low level of good job creation
  - ✓ Good jobs were rationed to the politically connected, increasing the inequality of access to good jobs and feeding discontent among the educated youth, whose unemployment rates remained high over that period ( only those with connections got hired)
  - ✓ Social inheritance of concentrated capitalism and the emergence of the very rich 1 percent

# Hindered Democratization and Limited Voice and Autonomy

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The disengagement of the state led to a rise in social grievances and opposition movements:

Governments resorted to methods of repression and cooptation. In addition, they:

- ✓ Instrumentalized religion to instill obedience and de-politization values
- ✓ Controlled education to instill conservative values
- ✓ Strengthened patriarchy
- ✓ Marginalized and disempowered youth and women

... resulting in less **gender equality, less religious and social tolerance compared to societies with same level of development**

# Chapter 2: New Results on Inequality of Opportunity in the Arab Region



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# New Results on Inequality of Opportunity in the Arab Region

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Moving from outcomes, the objective of this chapter is to focus on IoO going beyond the static notions of inequality by examining the status of:

- ✓ Income Inequality: Use the Gini index, the Palma Ratio and real per capita expenditure values at selected percentiles to measure the level and trend in inequality
- ✓ 2) Inequality of opportunity in access to quality education (attainment and achievement using TIMSS and PIRLS)
- ✓ 3) Wage inequality for different education levels

# Methodology

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## Income Inequality

- **Micro data from ERF's Household Income and Expenditure Surveys (26 surveys from 6 countries):** *to measure levels and trends in inequality, using real per capita expenditures (pce) at percentiles 25, 50, and 90 and using the GINI index and Palma Ratio (PR)*

## Education Inequality

- **Test score data of science and math from TIMSS (2007, 2011, 2015) and of reading from PIRLS (2006, 2011):** *to measure inequality of access to education by decomposing total inequality in scores into the part explained by the set of circumstances and the rest.*

## Wage Inequality

- **Micro data from ERF's Integrated Labor Market Panel Surveys for Egypt (1988, 1998, 2006 and 2012), Jordan (2010) and Tunisia (2014):** *to measure inequality of opportunity in wages for three education groups (basic, secondary and tertiary) using GINI index and the ratio of the wage at the 90<sup>th</sup> to the 10<sup>th</sup> percentile*

# Findings

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## Income Inequality

✓ Although income inequality is lower than in the rest of the world, results show a widening gap between the top percentile (p90) and the bottom two (p25 and p50), particularly for Egypt, Tunisia and Iraq

## Education Inequality

✓ Inequality due to circumstances reveals moderate inequality of opportunity in educational achievement for Arab countries. However, they show low achievement scores coupled with high inequality in distribution of scores (GINI index) compared to the ROW (**loO access to quality education**)

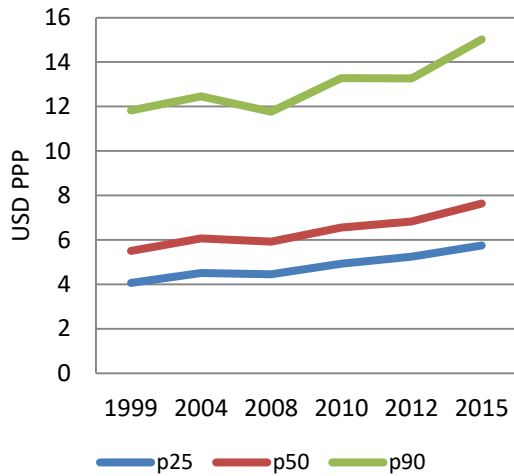
## Wage Inequality

✓ In Egypt, wage inequality decreases between 1988 and 1998 but increases later for all education groups, and faster for those with highest education (**labor market dualism crony capitalism**). For the three countries, Jordan, Tunisia and Egypt, wage inequality for the three education groups is highest among the most educated.

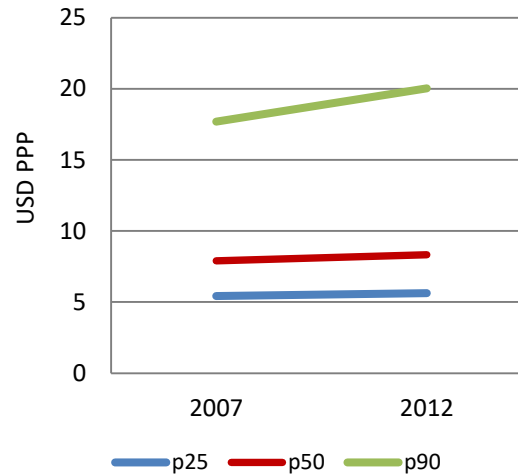


# Changes in real pce

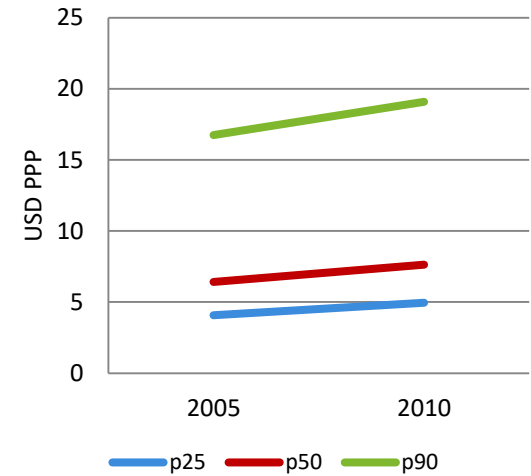
Egypt



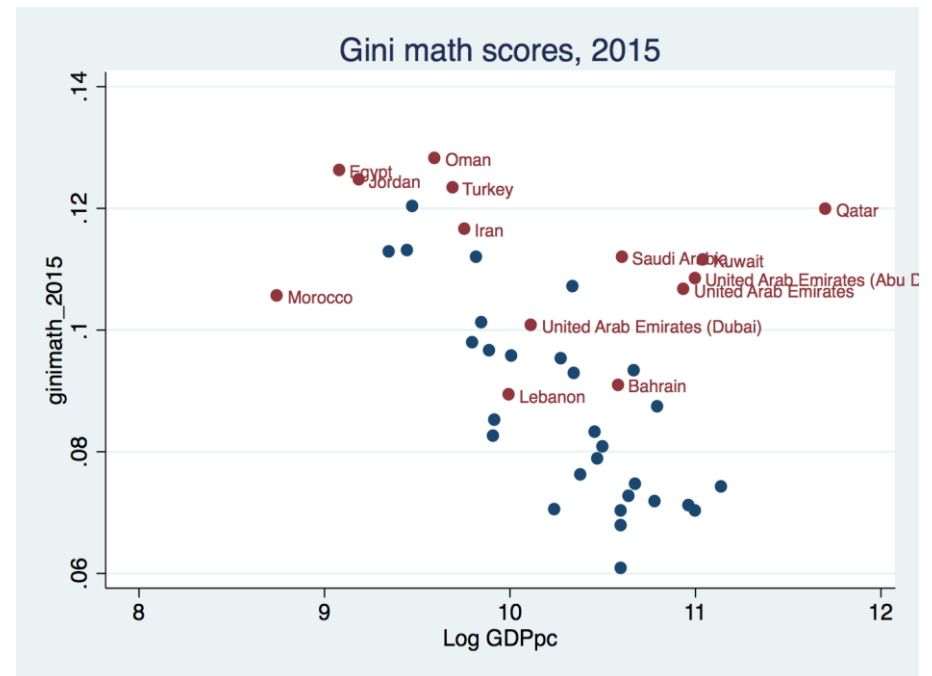
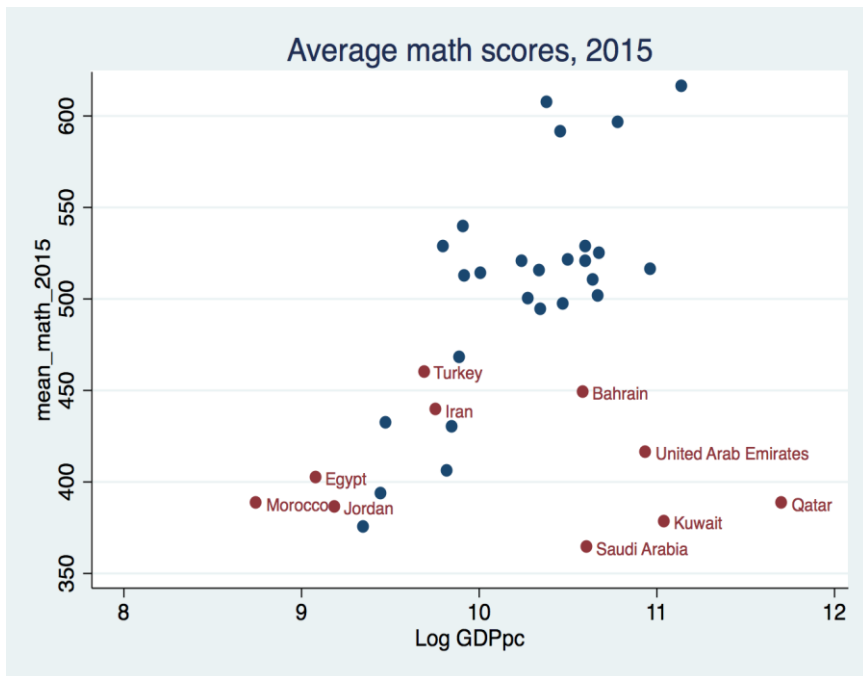
Iraq



Tunisia



# Inequality in educational achievements



# Wage inequality

Country	year	Gini				P90/P10			
		coefficient	Whole sample	At most basic education	At most secondary	Post-secondary or higher	Whole sample	At most basic education	At most secondary
Egypt	1988	0.39	0.34	0.38	0.41	5.77	5.56	4.89	5.10
Egypt	1998	0.37	0.34	0.34	0.38	4.99	4.46	4.32	4.98
Egypt	2006	0.40	0.37	0.37	0.41	5.33	4.38	4.90	5.71
Egypt	2012	0.43	0.37	0.38	0.46	5.49	4.11	4.91	6.32
Tunisia	2014	0.42	0.34	0.33	0.42	4.73	3.71	4.95	6.03
Jordan	2010	0.56	0.53	0.52	0.55	5.91	4.28	5.40	5.40

# Chapter 3: Personal Autonomy and Social Change



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# Chapter 3: Personal Autonomy and Social Change

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- ✓ Measure personal autonomy (positive and negative) in the Arab world and compare it to values held in the rest of the world, and along different socio-economic groups
  - Negative autonomy (control over life): how much freedom of choice and control you feel you have over the way your life turns out
  - Positive autonomy (self-expression): mentioning of 'independence' and 'determination, perseverance' & not mentioning of 'obedience' as important qualities that children can be encouraged to learn at home
- ✓ Present underlying causes for the existence of an Arab autonomy gap among the youth and the educated
- ✓ Show how the distribution of values relating to equality, society and polity
  - ✓ (preference for equality, tolerance to differences, gender equality, commitment to democracy...) in the Arab society relate to the evolution and distribution of personal autonomy.
- ✓ Measure the level and trends of values of interest across countries and among different socio-economic groups

# Methodology

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- ✓ World Value Survey (wave 6, 2010-14) covering 12 Arab countries and around 50 other countries;
- ✓ Arab Barometer covering 14 Arab countries and extending over four surveys (years 2006-17);
- ✓ Graphically measure the distribution of autonomy (positive/negative) values, as well as equality, society and polity values along age groups, education levels, and across countries, country groups and time
- ✓ Regression analysis to look at the impact of personal autonomy on the core values of interest
- ✓ Regression analysis, which relates the values of interest, on country and individual level dependent values. We also interact the Arab dummy with the individual characteristics

# Findings

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- ✓ For the Arab region (and other developing countries), the two autonomy variables do not move in parallel as compared to developed countries in ROW.
- ✓ Although Arab youth experience less control over their life compared to the old, there has been a recent rise in their self-expression
- ✓ However, results show a lower emancipative effect of education on self-expression in the Arab region compared to ROW
- ✓ Self-expression translates into more social tolerance and a preference for equality, while life control translates into more political involvement. Such correlations are largest among the youth and the educated
- ✓ Progress made towards some progressive values—support for gender equality and rise in civic involvement.
- ✓ However, the region remains “conservative” on certain dimensions—democratic values (civic engagement, confidence in institutions), gender equality and social and religious tolerance as compared to ROW
- ✓ Preference for democracy rose at first but eventually declined after the uprising (stabilization)
- ✓ Women in all Arab countries are much more pro-gender than men
- ✓ The region’s preference for redistribution contrasts with its views on inequality

# Findings

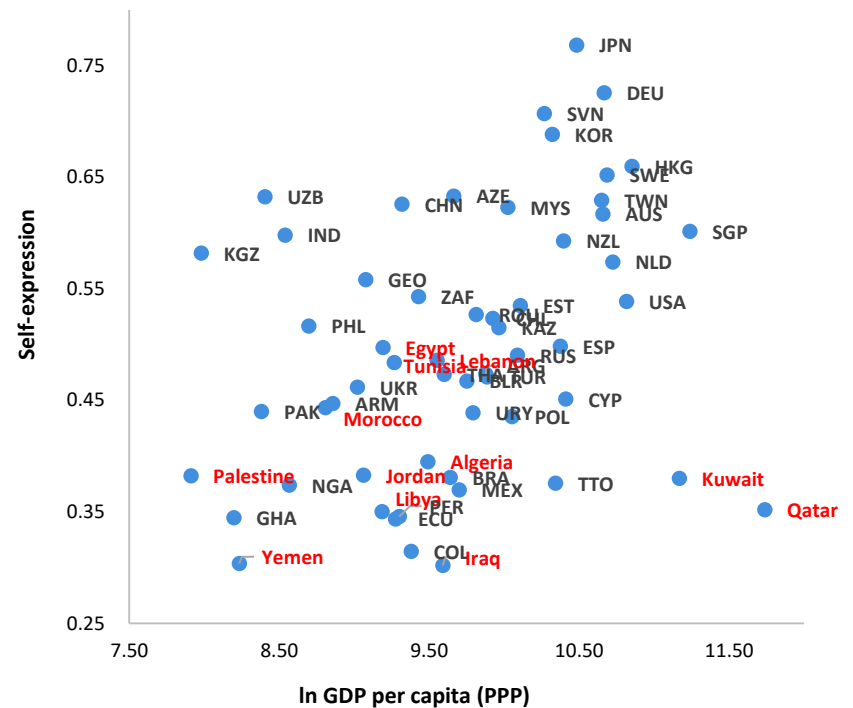
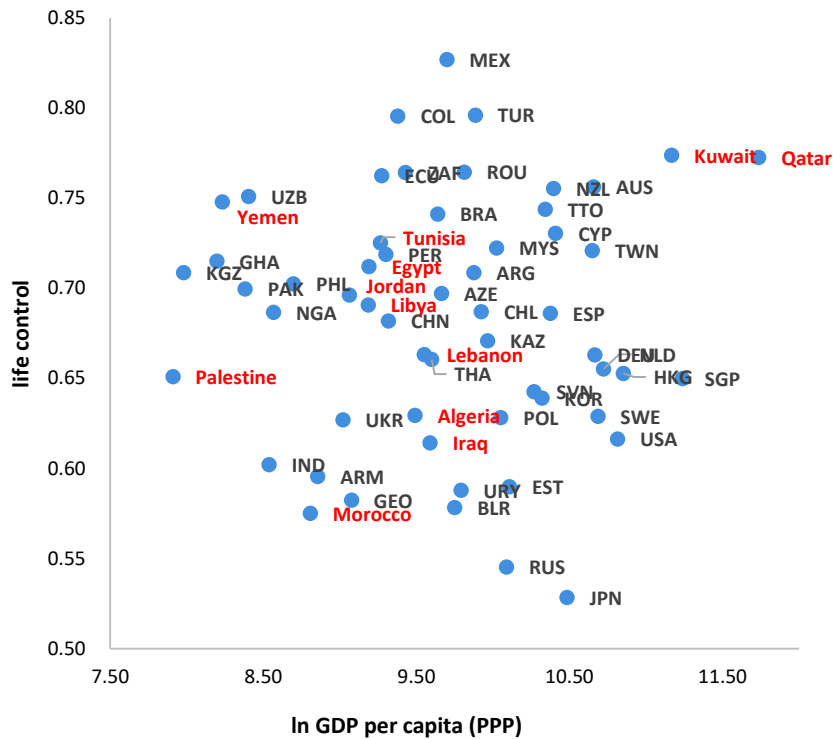
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*The society is divided between young dreamers, with aspirations for change but no power over events, and controllers, who have the ability to influence events, but no desire to do so.*



# Personal Autonomy and Social Change

## Selected figures



# Chapter 4: Policy Recommendations



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# Recommendations

There are broadly speaking four types of reforms that can have an impact on inequality of access (to services, good jobs), and on improving social values:

## For public services:

- ✓ o Maximalist: ambitious state reform to improve the governance of the health, education, and safety net sectors.
- ✓ o Medium: redirect consumption subsidies to the poorest in the form of individual transfers, so that households are better able to purchase the services that the state is unable to offer.
- ✓ o Minimalist: improve horizontal accountability mechanisms, for example by school parent association, to improve quality from the ground up.

# Recommendations

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## For access to good jobs:

- ✓ Maximalist: take measures to dynamize the private sector and foster SMEs, competition, and dynamic financial sectors.
- ✓ Medium: take measure to reduce the divide between formal and informal markets, by reducing standards, and applying them better.
- ✓ Minimalist: public-private advocacy campaign to reduce wasta and open-up good jobs in both government and the formal private sector for transparent competition open for all in a fair manner.

# Recommendations

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To align personal autonomy with a sense of control over one's life:

- ✓ Maximalist: foster inclusive economic growth to reduce youth and women's unemployment, and to push the economy towards the creation of quality jobs.
- ✓ Medium: foster programs such as SME development, and micro credit, that empower the youth, and women, to become economically more active and innovative.
- ✓ Minimalist: foster retraining in commercially demanded skills such as foreign languages, ICT and IT, ..

# Recommendations

To affect values in ways to promote social emancipation:

- ✓ Maximalist: reform the education system so that it becomes a main vehicle to instill values of gender equality, and tolerance.
- ✓ Medium: foster civil society programs that promote positive social values
- ✓ Minimalist: provide parents with the tools that can help them promote positive values among their children
- ✓ Our analysis has also revealed that there are great variations between countries. The two tables below summarize the areas of higher priority for reforms, which correspond to the main “weak-spots” of each particular country of the region. These priorities suggest how to tailor country specific programs that address the most binding constraints it face.

# Thank you



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